

140001190

INSTRUMENT PREPARED BY  
VIRGINIA GAS AND OIL

ORDER RECORDED UNDER CODE  
OF VIRGINIA SECTION 45.1-361.26

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: **APPALACHIAN ENERGY, INC.**

VIRGINIA GAS AND  
OIL BOARD  
VGOB DOCKET NO.:  
**93-0216-0325-14**

RELIEF SOUGHT:

MODIFICATION OF THE **OAKWOOD No.1** COALBED  
GAS FIELD RULES ORDER, PURSUANT TO VA. CODE  
4 VAC 25-160-50 AND § 45.1-361.20, AS AMENDED, TO ALLOW  
MORE THAN ONE COALBED GAS WELL TO BE DRILLED IN  
THE UNITS INDETIFIED ON EXHIBIT "A" HERETO

LEGAL DESCRIPTION:

DRILLING UNITS: I-32 (AE-211/AE-212), I-36 (AE-161/ AE-154),  
I-37 (AE194/AE-170), G-37 (AE-197/AE-198), H-37 (AE-195/AE-196),  
H-38 (AE-206/AE-207).  
LOCATED IN BUCHANAN COUNTY, VIRGINIA;  
SEE ANNEXED EXHIBIT "H2".

**REPORT OF THE BOARD  
FINDINGS AND ORDER**

1. Hearing Date and Place: This matter came on for hearing before the Virginia Gas and Oil Board (hereinafter "Board") at 9:00 a.m. on **April 15, 2008** at the Southwest Virginia Higher Education Center Campus of Virginia Highlands Community College, Abingdon, Virginia.

2. Appearances: **James E. Kaiser of Wilhoit and Kaiser**, appeared for the Applicant; and Sharon B. Pigeon, Assistant Attorney General was present to advise the Board.

3. Jurisdiction and Notice: Pursuant to Va. Code §§45.1-361.1 et seq., as amended, the Board finds that it has jurisdiction over the subject matter. Based upon the evidence presented by the Applicant, the Board also finds that the Applicant has (1)

exercised due diligence in conducting a meaningful search of reasonably available sources to determine the identity and whereabouts of each gas and oil owner, coal owner, or mineral owner, or in the case of conflicting claims to the ownership of the coalbed methane gas, each person identified by Applicant as a potential owner of the coalbed methane gas underlying the area described at paragraph 7.h below and in **Exhibit "B"** attached hereto; and (2) has given notice to all parties so identified (hereinafter sometimes "person(s)" whether referring to individuals, corporation, partnerships, associations, companies, businesses, trusts, joint ventures or other legal entities) and entitled by §§ 45.1-361.19 and 45.1-361.20, Virginia Code, as amended, to notice of the Application, and (3) that the persons listed in the Notice of Hearing are the persons so identified by the Applicant. Further, the Board has caused notice of this hearing to be published as required by § 45.1-361.19.B., Virginia Code, as amended. Whereupon, the Board hereby finds that the notices given satisfy all statutory requirements, Board rule requirements and the minimum standards of State due process.

4. Amendments and Dismissals: **None.**

5. Relief Requested: (1) Modification of the Oakwood No. 1 Coalbed Gas Field Rules to allow more than one coalbed methane gas well to be drilled within each of the Oakwood No. 1 Coalbed Gas Field Drilling Units identified above and in **Exhibit "H2"** attached hereto; and (2) for an administrative order providing that additional well permits may be issued in the Oakwood No. 1 Coalbed Gas Field after the Application is filed and while it is pending.

6. Relief Granted: Available data and the evidence adduced at the hearing support Applicant's position that the production from the pool underlying the Oakwood No. 1 Coalbed Gas Field Drilling Units in question would be enhanced and benefit from in-field drilling; accordingly,

a. With regard to the Drilling Units described above and in **Exhibit "H2"** hereto, the Oakwood No. 1 Coalbed Gas Field Rules Order, is hereby amended to allow the Board's Designated Unit Operator in Drilling Units pooled by Board Order and the Well Operator/Permittee in voluntary Drilling Units to drill a total of two (2) wells, said total to include any previously permitted well(s), within the units affected by the Application and this Order;

b. In the event that an additional coalbed methane gas well(s) permitted and drilled after the entry of this order is located within the drilling window(s) of a Oakwood No. 1 Coalbed Gas Field Drilling Unit affected by this order, the production therefrom shall be solely attributed to and allocated to the Oakwood No. 1 Coalbed Gas Drilling Unit within which the wells are located.

c. In the event a second well is proposed that is to be located outside the drilling window of any Oakwood No. 1 Coalbed Gas Field Unit affected by this order and a permit application is submitted to the Division of Gas and Oil seeking such location exception, the Inspector shall assess the permit as follows:

(i) If an 80 acre square with the proposed well at its center lies entirely within Oakwood No. 1 Coalbed Gas Field Drilling Units which are voluntary in nature and are not subject to existing pooling order, the Inspector may grant or deny the location exception on a case-by-case basis according to standard procedures and provisions of the Oakwood No. 1 Coalbed Gas Field Order which allow wells to be drilled outside the drilling windows; or

(ii) If an 80 acre square with the proposed well at its center lies entirely or partially within any Oakwood No. 1 Coalbed Gas Drilling Unit(s) which is subject to existing pooling orders, the Inspector shall refer the permit application to the Board for its recommendations concerning correlative rights considerations, modification of pooling orders, and escrow provisions. Alternatively, the Unit Operator may present a pooling proposal directly to the Board prior to filing a permit application. No permit under this paragraph (ii) shall be issued until the Board has acted on the matter.

7. Special Findings:

- a. Applicant's proposed field rule modification is not an unreasonable or arbitrary exercise of the owner's right to explore for or produce gas;
- b. The Applicant's proposal would not unreasonably interfere with the present or future mining of coal or other minerals;
- c. The acreage to be embraced in the Drilling Units affected by and/or created by this Modification Order shall be as set forth above and in **Exhibit "H2"** attached hereto.
- d. The formations subject to this Modification Order are described pursuant to VA. CODE 4 VAC 25-160-50 AND § 45.1-361.20.
- e. The boundaries of the Drilling Units are the same as heretofore established by the OGCB Order entered March 26, 1989, as amended.
- f. Unit Operator's production simulations indicate that drilling of an additional well in each Unit could facilitate the recovery of an additional 250,000 MCF of gas per Unit within ten (10) years of drilling.
- g. The boundaries of any Drilling Units created subsequent to this Modification Order shall be according to paragraph 6.c.ii. above and as defined by Board action specific to individual units.
- h. The acreage subject to this Modification Order is depicted in **Exhibit "H2"**

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attached hereto:

i. Having considered the evidence presented, the Board found no reason to establish any allowable production rates for the wells contemplated by this Modification Order;

j. Except as herein specifically modified, the proposed Drilling Units in **Exhibit "H2"** shall be developed and produced in compliance with the OGCB Order entered on March 26, 1989 regarding the Oakwood No. 1 Coalbed Gas Field Rules, as amended.

k. This Modification Order shall be effective as of the date of the hearing, to wit: **April 15, 2008**.

8. Conclusion: The relief granted hereby will assist in enhancing production from existing wells, will assist in more efficiently recovering coalbed methane gas from the area in question, prevent waste by more effectively extracting the resource, and will continue to protect the correlative rights of all owners and claimants. Therefore, the relief and all terms and provisions set forth above be and are hereby granted and IT IS SO ORDERED.

9. Effective Date: **April 15, 2008**.

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DONE AND EXECUTED this 7<sup>th</sup> day of July,  
2014, by a majority of the Virginia Gas and Oil Board.

Bradley C. Lambert  
Bradley Lambert, Chairman

DONE AND EXECUTED this 7<sup>th</sup> day of July,  
2014, by a majority of the Virginia Gas and Oil Board.

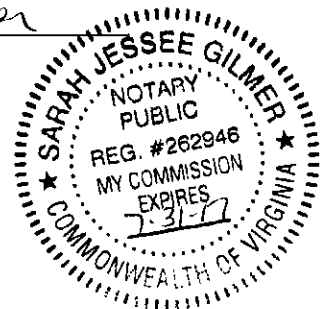
Rick Cooper  
Rick Cooper  
Principal Executive to the Staff  
Virginia Gas and Oil Board

STATE OF VIRGINIA  
COUNTY OF RUSSELL:

Acknowledged this 7<sup>th</sup> day of July, 2014,  
personally before me a notary public in and for the Commonwealth of Virginia, appeared  
Bradley Lambert, being duly sworn did depose and say that he is Chairman of the  
Virginia Gas and Oil Board and Rick Cooper being duly sworn did depose and say that  
he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that they  
executed same and were authorized to do so.

Sarah Jesse Gilmer  
Sarah J. Gilmer

My Commission Expires July 31, 2017

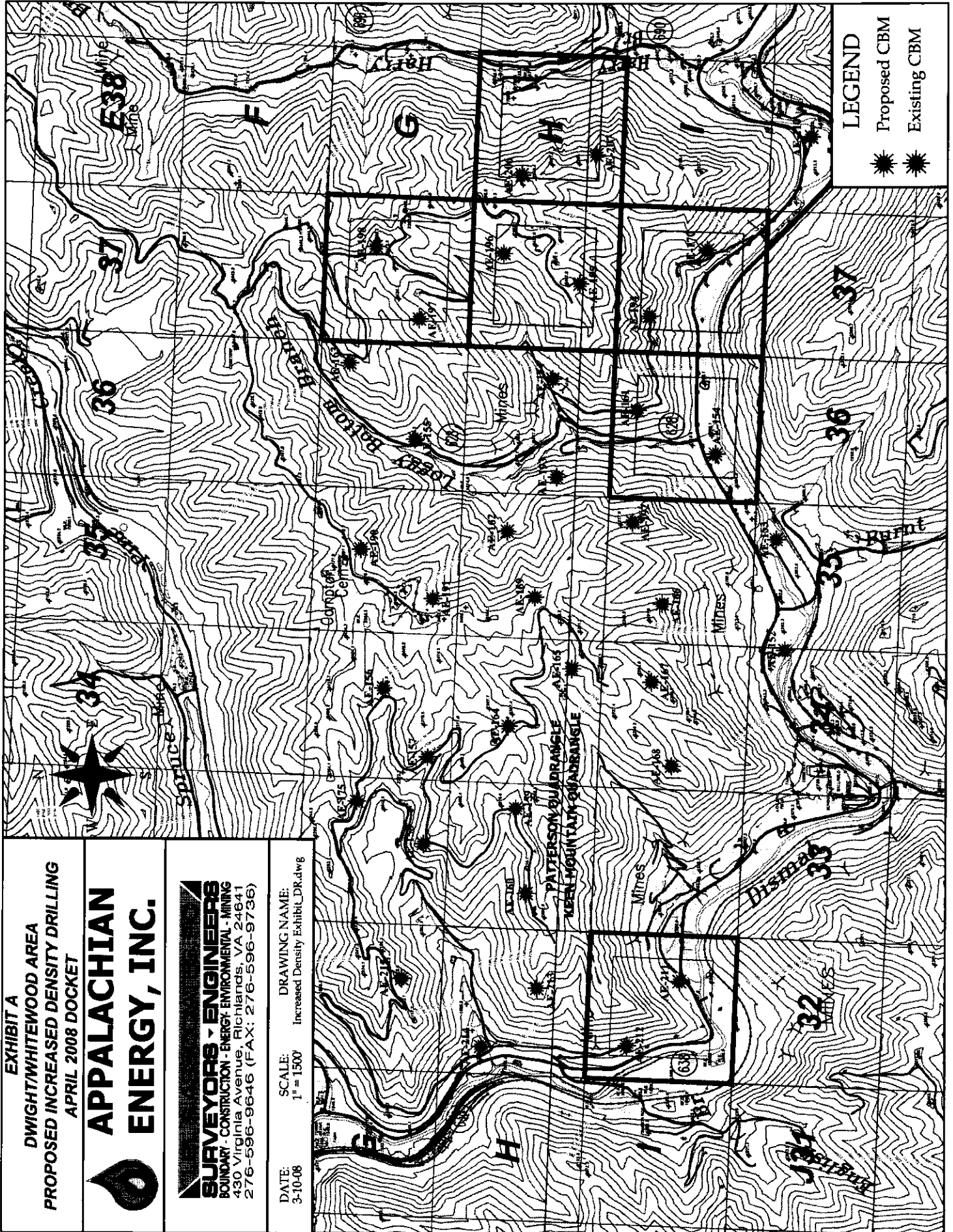


**EXHIBIT A**  
**DWIGHT/WHITEWOOD AREA**  
**PROPOSED INCREASED DENSITY DRILLING**  
**APRIL 2008 DOCKET**

**APPALACHIAN**  
**ENERGY, INC.**

**SURVEYORS - ENGINEERS**  
 BOUNDARY - CONSTRUCTION - ENERGY ENVIRONMENTAL - MINING  
 430 Virginia Avenue, Richlands, VA 24641  
 276-596-9646 (FAX: 276-596-9736)

DATE: 3-10-08  
 SCALE: 1" = 1500'  
 DRAWING NAME: Increased Density Exhibit\_DR.dwg



**EXHIBIT  
WHITEWOOD**

**140001190**

Edith G. Street  
P.O. Box 792  
Grundy, VA 24614

Martha Combs  
c/o A.G.Edwards & Co.  
P.O. Box 1199  
Bluefield, VA 24605-4199

Fred H. Combs Testamentary Trust  
c/o Kelly Necessary - Trustee  
P.O. Box 841  
Tazewell, VA 24651

Elene Combs  
318 East Fincastle  
Tazewell, VA 24651

Carol Irvine  
4710 Hunterwood Circle  
Richmond, TX 77469-7635

Nancy Cole  
Box 2075  
Beckley, WV 25802

James W. & Daisy Burress  
22638 Aven Lane  
Abingdon, VA 24211

Margaret & Jerry Davis  
P.O. Box 10  
Richlands, VA 24641

Timothy McDonald  
P.O. Box 609  
Prestonsburg, KY 41653

Tamala Williams  
P.O. Box 82  
Roaring Gap, NC 28668

Gregory B. McDonald  
P.O. Box 727  
Prestonsburg, KY 41653

Greta Meek  
177 Colvin Branch  
Oil Springs, KY 41238

William Byrd McDonald  
513 NW 13th St. Suite 202  
Portland, OR 97209

**EXHIBIT  
WHITEWOOD**

**140001190**

Larry Dean & Bridget Cole  
19339 Old Jonesboro Road  
Abingdon, VA 24211

Mary Francis Harris  
4823 Basswood Drive  
Columbus, GA 31904

Harold Cole  
1436 Betana Avenue  
Akron, OH 44310

Donald Stephen Cole  
7583 Lakewater Drive  
Cincinnati, OH 45242

Kenneth Edward Cole  
12043 Windermere Crossing Circle  
Winter Garden, FL 34787-5522

Billy Hartman  
562 Gamewell  
Miamisburg, OH 45342

Norma Cole Dotson  
P.O. Box 226  
Rosedale, VA 24280

Caroline & Claude Keen  
Drawer B  
Whitewood, VA 24657

Thurman & Archine Cooper  
PO Box 782  
Doran, VA 24612

Karen & Bryan Rowe  
Box 366  
Bradshaw, WV 24871

Sharon & William Daniels  
PO Drawer T  
Gilbert, WV 25621

Melanie D. Cooper  
P.O. Box 314  
Hurley, VA 24620

Corey S. Cooper  
P.O. Box 314  
Hurley, VA 24620



**EXHIBIT  
WHITEWOOD**

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Byron D. Cooper  
P.O. Box 314  
Hurley, VA 24620

Billy Gene & Bennie Stanford  
1215 Motor View Road  
Butte, MT 59701

Wanda McClenney  
214 North Highway 175-48  
Seagoville, TX 75159

Dorothy Horn  
2577 Baptist Valley Road  
Cedar Bluff, VA 24609

Rodney Dean & Betty Stanford  
6349 Decliff Big Island  
Marion, OH 43302

Robert & Carol Stanford  
138 Crown St.  
Pounding Mill, VA 24637

Ricky Allen Stanford  
2577 Baptist Valley Road  
Cedar Bluff, VA 24609

Brian L. Stanford  
345 Indian Valley Road  
Radford, VA 24141

Troy Stanford Estate  
Unlocatable

Keith Stanford  
2348 Mob Creek Road  
Bedford, VA 24523

Bonnie Stanford Fritz  
Unlocatable

Celia Cox Compton Estate Trust  
c/o Lodge Compton  
PO Box 241  
Grundy, VA 24614

Anise Jean & Bobby L. Jones  
620 Delhart Road  
Galax, VA 24333

Norine Harman  
23164 Kestrel Drive  
Bristol, VA 24202

**EXHIBIT  
WHITEWOOD**

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Island Creek Coal Company  
Drawer L  
Oakwood, VA 24631

Jewell Smokeless Coal Co.  
PO Box 70  
Vansant, VA 24656

Equitable Production Company  
1710 Pennsylvania Avenue  
Charleston, WV 25302

CNX Gas Company, LLC  
2481 John Nash Blvd  
Bluefield, WV 24701

Cabot Oil & Gas Corp.  
PO Box 1473  
Charleston, WV 25325

Buck Jewell Resources, LLC  
PO Box 743  
Doran, VA 24612-0743

Hardrock Exploration, Inc.  
2034 Martins Branch Road  
Charleston, WV 25312

Geomet  
PO Box 749  
Pounding Mill, VA 24637

Consolidation Coal Co.  
2481 John Nash Blvd  
Bluefield, WV 24701

Anise Jean & Bobby L. Jones  
620 Delhart Road  
Galax, VA 24333

Norine Harman  
23164 Kestrel Drive  
Bristol, VA 24202

Peggy W. Cole  
PO Box 78  
Whitewood VA 24657

Katherine B. Cole Estate  
c/o Reca Dye, Executrix  
PO Box 85  
Jewell Ridge, VA 24622

**EXHIBIT  
WHITEWOOD**

**140001190**

Yukon Pocahontas Coal Co,etal  
Attn: Charles Hart  
312 West Main St  
Tazewell, VA 24651

Attn: C. Dale Harman  
615 Tuxedo Place  
Atlanta, GA 30342

Buchanan Coal Company, LLP  
Attn: Charles Hart  
312 West Main St  
Tazewell, VA 24651

Sayers-Pocahontas Coal Company, LLP  
Attn: Charles Hart  
312 West Main St  
Tazewell, VA 24651

Plum Creek Timberlands, L.P.  
Minerals Dept  
One Concourse Parkway, Suite 755  
Atlanta, GA 30328

C.L. Ritter Lumber Co., Inc  
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Huntington, WV 25701

Scott Cole  
PO Box 148  
Tazewell, VA 24651

Norfolk Southern Railway  
c/o Pocahontas Land  
PO Box 1517  
Bluefield, WV

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Kingsport, TN 37663

Wanda J. Lawson  
1512 Forest View Dr.  
Kingsport, TN 37663

Johnny M. Salyers  
309 Woodland Court S.E.  
Wise, VA 24293

**EXHIBIT  
WHITEWOOD**

**140001190**

Don R. Salyers  
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Kyle Clifton  
7319 Craftown Rd.  
Fairfax Station, VA 22039

Judy Taylor  
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Richlands, VA 24641

John W. Clifton  
14984 Old Jonesborough Rd.  
Bristol, VA 24201

Daris Clifton  
3825 Griffith Place  
Alexandria, VA 22304

Adria C. Kilbreath  
1547 SW Ironwood Dr  
Lake City, FL 32025

Amanda L. Shepley  
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Richmond, VA 23233

Lowell Roger Cole  
HC 66  
Whitewood VA 24657

Harold Fuller, Jr. & Patricia Fuller  
H.C. 67, Box 843  
Oakwood, VA 24631

INSTRUMENT #140001190  
RECORDED IN THE CLERK'S OFFICE OF  
BUCHANAN COUNTY ON  
JULY 17, 2014 AT 11:15AM  
BEVERLY S. TILLER, CLERK  
RECORDED BY: GGB